GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:6181
ANSWERED ON:27.04.2001
HURDLES IN FDI INFLOW
K.H. MUNIYAPPA;Y.S. VIVEKANANDA REDDY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether our economic Intelligence Unit has observed that FDI Inflows into Asia-Pacific region have risen markedly since 1992;

(b) if so, whether report suggests that while India has good potential to attract FDI, its bureaucratic system and poor infrastructure are main deterrents;

(c) if so, whether the centre has examined the report; and

(d) the steps being taken to remove the hurdles and make India more investor-friendly?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN SINGH)

(a) The Government have not conducted any internal study on the trends of FDI inflows into Asia-Pacific region.

(b) & (c) Do not arise.

(d) The foreign investment is dependent on several factors such as the policy framework, macroeconomic conditions, market size/potential, labour force skills, wages, and incentives offered by the host country, apart from world economic trends and global investor strategies.

With a view to attracting more FDI, Government has already put in place a transparent, dynamic and investment friendly FDI policy placing almost all activities under the automatic route for FDI upto 100% except a small list. To facilitate speedy implementation of FDI projects and to remove post investment problems faced by the investors, Government has set up Foreign Investment Implementation Authority (FIIA) comprising representatives from Central and State Governments.

The admitted version of the Lok Sabha Unstarred Question No. 6181 for answer on 27.4.2001 by S/Shri Y.S. Vivekananda Reddy and K.H. Muniyappa regarding Hurdles in FDI inflow is at F/A.

The Member has desired to know the whether economic Intelligence Unit has observed that FDI inflows into Asia-Pacific region have risen markedly since 1992 and whether the report suggested that India has good potential to attract FDI but bureaucratic system and poor infrastructure are main deterrents; whether centre has examined the report and steps taken to remove hurdles and make India more investor-friendly.

Office of Economic Adviser and Economic Intelligence Unit (EIU), a private organization, were requested to make available material for preparing reply to the question. EIU has expressed its inability to identify the report referred to in the parliament question and seek further details on it.

Based on the available information, a draft reply is put up for approval of MOS (C&I) please.